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ABSTRACT

Two major concerns related to large-scale capital outlay are convincing the community of the need for the expenditure and planning for the financing of the project. In an era when the public is resisting increased taxation, school districts must develop a plan of action for soliciting funds and must be able to conduct an effective fund campaign. This article discusses several considerations affecting the funding of capital expenditures. First, the groups that will support and resist additional funding must be identified, and methods of using positive groups and changing the minds of negative groups must be formulated. Second, a detailed plan of action must be developed, including appointing an advisory committee, completing a feasibility study, and conducting a publicity campaign. Then the "selling campaign" must be carefully planned and undertaken by a citizens committee that is carefully chosen and organized. Fourth, several methods of financing capital outlay must be considered: the bond issue, building and site sinking funds, the "pay-as-you-go" method, and state and federal funding. Finally, before beginning a funding campaign, a district must attempt to cut other expenditures and obtain other funds. (Author/JM)

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PUBLIC SUPPORT FOR FINANCING CAPITAL OUTLAY

C. Harris

Capital outlay in the educational world is associated with expenditure for busses, land purchase, improvement of grounds, construction of buildings, additions and remodeling of buildings, repairs, new equipment or machines, and other such items with a life expectancy of many years.

There are usually two major problems related to costly capital outlay for local school districts. The concerns are convincing the community of the need for the expenditure and dealing with difficulties involved in planning for the finance. Capital expenditures for many items require more money than can be derived from annual tax levy. Therefore, all capital outlay plans must be translated into educational and dollar needs.

Recent declines in pupil enrollment and results of votes on school financial campaigns for capital outlay and current expenditures provide little psychological encouragement for school personnel. The latter is true even in areas where a shifting in the school age population is demanding more educational resources. Therefore, the remainder of this article will focus on the following concerns:

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1. Groups Influencing Capital Outlay Funding--Discussion will focus on negative and positive groups impact on capital funding.

2. Developing a Plan of Action for Soliciting Financial Support--An outline for a typical course of action will be reviewed.

3. Methods of Organizing the Selling Campaign--An organizational structure for a citizens advisory committee to support the need for funding is to be expressed.

4. Methods of Financing Capital Outlay--The bond issue, building and site sinking fund, and pay-as-you-go methods will be addressed along with categorical funding by state and/or federal government.

5. Summary--This section will provide for a general overview and a few recommendations for financing capital outlay.

Groups Influencing Capital Outlay Funding

Many persons must be considered when planning to sell the need for finance. Table-1 represents typical positive and negative groups that should be considered during the planning stage for requesting capital funding. For example, some positive groups are:

1. Parents with children in school

2. Organized parental association

3. Recent graduates

It is rare for any group to welcome increased taxation without first being advised of the need. In addition, some negative groups that should be dealt with are:

1. Taxpayer groups organized to defeat tax increase

2. Private and non-public school groups

3. Residents who want more information concerning the need for additional monies

Wise campaign planning for funds will require an assessment of the positive and negative factors, and the establishment of a course of action designed to improve perceptions of educational needs by the community. There will be a need to deal with individual groups instead of the general public if the mission is to be successful.

A school financial vote can also be lost by forgetting to make a realistic assessment of the school board and staff perception by the community. Perceived positive leadership is a must if the funding increase is to be passed with ease.

Some possible image problems are:

1. Board members not 100% in agreement with needed outlay

Table-1--Groups Influencing Capital Outlay Funding

POSITIVE GROUPS
1. Educators who live in the district but work in another district
2. Parent with children in school
3. Recent graduates now voting
4. Organizational parental association and school booster groups
5. Supporting civic organizations
6. Real estate and selected business groups who has much to gain from a positive school image
NEGATIVE GROUPS
1. Non-supporting industrial and business groups
2. Retired persons on fixed income
3. Taxpayer groups who are organized to defeat the tax increase
4. Private and non-public school patrons
5. Residents who want more information and more power in the decision making process

2. Board not using taxpayer money wisely

3. Children not receiving quality education

4. School district does not listen to the resident

5. Professional staff only concerned with its salary and negotiation

6. Residents are not given enough information about the schools

7. Board anti-non-public school in attitude

8. Other concerns might be loose discipline, sex education, lack of special needs program, and no band Actually, the plan of action sanctioned by the board will also help influence groups to support the financial need.

Developing a Plan of Action for Soliciting Financial Support

Once it is agreed that there might be a need for additional funds to provide for capital outlay, a sequential table reflecting desired activities are in order. A one or two year plan in the following manner is applicable:

1. First Year

A. Plan for and appoint a citizens steering committee. Administrative and board of education personnel needed as support persons.

B. Provide information on existing programs,

population, and other items. Assist the committee with organizational needs.

C. Provide requested information during the investigation. Recommendation of the advisory committee is presented to the board of education and the administration.

D. Media and/or other sources are used to appraise the general public of the report provided for by the committee.

E. The professional staff prepares cost projections. Consultants are employed to work with the committee members and professional staff so that a feasibility study can be conducted.

F. The feasibility study is completed and sub-committees are organized and become active.

2. Second Year

A. Community attitude is surveyed by conducting a straw poll.

B. The board of education prepares for and announces the date of the election to approve the required funds.

C. The publicity campaign is increased. Telephone calls, house-to-house canvassing, presentation to groups, and other methods become a major concern.

D. Election day activity. Baby sitting,

sound trucks, taxi, and other services are relevant. Continued publicity will also help determine the success of the campaign.

A plan of action might be further developed by determining the month that activities are to occur. The amount of additional funding needed and the community resistence to the program would also help regulate the length and intensity of the campaign for funds.

Methods of Organizing the Selling Campaign

In order to be successful with organizing a campaign designed to increase local financial support for capital outlay, the district should insure that:

1. All board members are 100% in agreement with additional need for financial support

2. A citizen committee is appointed to survey needs and make recommendations.

Assuming that there is support by all board members and that the district is willing to accept the report presented by the committee, the following concerns for a committee must be resolved:

1. Chairperson for the Committee--Organizational skills must be advanced, and the person must be a hard worker. In addition, the person should not be employed by the district and/or a board member.

2. Organization of the Committee--The committee can be organized into several sub-committees.

A. Information Input Sub-committee--Persons must be able to conduct straw poll vote and locate critical questions expressed by the community people.

B. Funding Sub-committee--Membership should include persons who can solicit funds for the campaign. This is extremely important since it might be poor taste and judgement to use public funds to support the campaign. Monies will be needed to print brochures, bumper stickers, and other such items.

C. Publicity Sub-committee--The membership should be able to provide media coverage in the newspaper, on the radio, on television, and others. The task could include preparation and distribution of brochures, news releases, and other positive concerns that will assist in getting endorsement by influential groups and the general public.

D. Speaker Sub-committee--Membership should provide for contact with good speakers who are supportive. The speakers will need to be given facts.

E. Voter Sub-committee--Persons included in this category should be able to assist in pre-vote registration and contacting potential voters face-to-face and

by telephone. It might also be feasible to organize baby sitting services on the day of the vote.

3. Who Should Make-up the Membership--The membership should include community opinion makers, civic leaders, parent groups, and anti-school groups.

4. Size of the Committee--There is no magic number for committee membership. However, the committee should reflect the community size and have representation from all community groups.

A well designed committee organization is paramount if there is to be a successful campaign for funds. The administrative unit should insure that all community agencies are given membership opportunity. In addition, the administration must realize that the chairperson of the committee will be able to unofficially change goals after sub-committee establishment; therefore, the selected person must be able to overcome all adverse conditions.

Method of Financing Capital Outlay

Four methods of financing capital outlay will be considered. These methods are:

1. Bond Issue--This method allows outlay expenditure to be made when needed. Payment can be made over a period of years. Advantages are that the plan allows for a reasonable yearly tax burden and permit future residents to share

in the payment of the capital outlay expenditure. A disadvantage is that substantial interest charges are associated with this method. The district could have up to thirty years to pay for the bond issue when public support is in order.

2. Building and Site Sinking Funds--Voters must approve the collection of a definite amount of taxes each year for a specific period of time with the intent of accumulating sufficient funds for future construction and/or other outlay expenditures when this method is used. The advantage is that the money is placed into the sinking fund and can not be utilized for any other purpose. There is no interest for the local tax payer and the money can be placed in an account to yield interest.

3. Pay-as-You-Go--This method implies that the actual cost of the outlay item is paid for during the year of the expenditure. An advantage is the elimination of interest cost. Most districts can not use this method consistently since the cost can be too high to permit the levying of taxes sufficient to pay the cost of the additional expenditure in one school year.

4. Categorical Funding--Some states are now assisting local districts with capital outlay funding. However, there is an opportunity for districts to get funding from

the federal government in categorical areas such as disadvantaged programs, vocational programs, and impact aid for governmental related projects.

Summary

Financing capital outlay has been a concern for school districts in the past and the odds are that it will continue to be a burden for districts in the future. Different methods of funding capital outlay have been utilized; however, most of the cost has been passed on to the tax payer. Since tax payers are directly involved with the cost factor, it is logical for there to be public opposition to increased funding for capital outlay.

School districts are forced to develop a plan of action for soliciting funding since the public is becoming more rebellious against taxation. School districts must be able to sell the need for additional funding to the public.

State and federal governments are providing some financial support but there are still needs for additional reform. For example, some recommendations are:

1. The district should be selective in discarding school facilities perceived as no longer needed due to declining enrollment. Educational cost factors must be considered before discarding or selling any outlay item.

2. Concentrate on obtaining state and federal categorical funding for capital outlay.

3. Consider alternative ways to provide for quality education in a non-formal classroom setting.

4. Seek to utilize public sector resources such as grants, gifts, recreational facilities and others to cut back on outlay cost to the taxpayer.

5. Sell school resources not needed for the present or future and use the funds to defray costs.

6. Keep the community involved in seeking ways to provide alternatives for funding capital outlay.

7. Explore the possibility of using lease-purchase agreements for outlay items.

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